Department of Public Health and Human Services	Section: ELIGIBILITY AND BENEFIT DETERMINATION
TANF CASH ASSISTANCE	Subject: Income Tests And Grant Calculation

Supersedes: TANF 603-1 (07/01/07)

References: ARM 37.78.102, 37.78.228, 37.78.406, 37.78.407, and 37.78.420; MCA 53-4-241; House Bill 2 (2005)

►   GENERAL RULE-- TANF cash assistance and the TANF Post-Employment Program require two income tests to complete the financial eligibility process. If the filing unit fails either of these tests, it is not eligible for benefits. These tests are:

►
1.   the gross monthly income (GMI) test, and
2.   the benefit standard test.

The filing unit's prospected countable earned and unearned income is compared to the GMI and Benefit Standards for household size. (See TANF 601-1 for prospective budgeting process.) The standards used are determined by state and federal rules and regulation. For example, the Department sets the benefit standard at a percentage of the federal poverty index. The gross income standard is set at 185% of the net income standard. Refer to Section 001 of this manual for tables of standards.

GROSS MONTHLY INCOME TEST   The filing unit's countable income (earned and unearned) must be tested against the gross monthly income (GMI) standard for the unit size. TEAMS evaluates the income by 'Income Type' code and determines whether it is excluded or counted.

►   For the TANF cash assistance program, to pass the GMI test, the unit's gross countable income must be equal to or below the standard, prior to applying any earned income disregards.

►   For the TANF Post-Employment program the earned income disregard (100% of earned income) is applied to the unit's countable earned income first, prior to comparing the unit's remaining countable income to the GMI. (See TANF 602-1)

BENEFIT STANDARD TEST   The filing unit's countable income must be tested against the benefit standard for the unit's size. Again, TEAMS evaluates by Income Code Type and determines net countable income by:

1.   Subtracting earned income disregards from the gross countable earned income of each wage earner;

2.   Adding the unit's unearned income to the balance; and

3.   Subtracting the 'obligated income" disregard.

EXAMPLE: Earned income
          less -   Earned Income Disregards
          plus +   Unearned income
          less -   Obligated Income Disregard (Child support)
          EQUALS = Countable Income

The net countable income is then compared to the benefit standard. To pass this test, the unit's <u>net</u> countable income must be equal to or below the Benefit Standard.

INCOME DISREGARDS

There are two types of income disregards. One type is **earned income disregards** that are applied to the earned income of the filing unit.

The second income type of disregard is the **obligated income disregard**. The obligated income disregard is applied after the earned income disregards are subtracted and the unearned income is added to the remaining earned income. (Refer to Section 602-1 for income disregards policy and procedure.)

►PAYMENT STANDARD

If, after allowable disregards, the household passed the GMI test and the Benefit Standard; the net countable income is subtracted from the payment standard <u>for the specific program</u> to determine the amount of the TANF cash grant for participant.

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The payment standard for the TANF cash assistance program was implemented as a result of House Bill 2 in 2005 and was effective 10/1/05. Originally the standard was set at 33% of FY 2005 Federal Poverty Level. Effective 7/1/07, it is set at 33% of the 2007 Federal Poverty Level.

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The payment standard for the TANF Post-Employment program is effective 07/01/08. This standard is a set amount that is not based on household size. This standard is contained in Annotated Rules of Montana (ARM).

►DETERMINING ELIGIBILITY AND/OR GRANT- TANF CASH

For <u>TANF cash assistance</u> applicants and participants, Form HCS-323, "TANF Cash Assistance Budget Computation Worksheet" is used when it is necessary to <u>manually</u> determine financial eligibility and/or grant. The following steps outline the testing and grant calculation process:

GROSS MONTHLY INCOME (GMI)

1. Enter nonexcluded gross earned income of each wage earner.

2. Enter total earned income.

3. Enter non-excluded gross unearned income of each filing unit member.

4. Enter total unearned income.

5. Add total earned and unearned income and enter balance.

6. Compare the balance to the GMI Standard for household size. If income is less than or equal to the appropriate standard, continue.

7. If income exceeds the standard, the household is ineligible.

8. Enter total earned income. (See section 602-1 for income disregard policy and procedure.)

9. Subtract the $200 work expense disregard for each wage earner.

10. Enter subtotal.

11. Subtract 25 percent of subtotal.

12. Enter sub total

13. Subtract dependent care costs up to $200 per child or incapacitated adult, as appropriate.

14. Enter subtotal

15. Add total unearned income.

16. Enter subtotal

17. Subtract the obligated income disregard of legally binding child support, if applicable.

18. Enter balance. This is the total net countable income.

BENEFIT STANDARD

19. Enter the Benefit Standard for household size.

20. Compare the balance to the Benefit Standard for household size.
     If income is less than or equal to the appropriate standard,
     continue.

     If the result is:

     a. Zero or less, the unit is ineligible for assistance.

     b. Greater than zero, the unit is eligible for TANF cash
         assistance.

21. Enter the Payment Standard for household size.

22. If greater than zero:

     Subtract the amount of the net countable income (line 18) from the
     Payment Standard for the appropriate assistance unit size.

23. The remaining balance is the amount of the cash assistance benefit
     to be authorized.

24. Prorate grant if the first benefit month is a partial month (the
     application date comes after the first day of the month).

     Prorate as follows:

     a. Divide the grant by thirty (30) days;

     b. Multiply the total in "a" by the number of days the household
         is eligible for TANF in the initial month. (See TANF 103-5)

     c. Round this amount down to the next whole dollar and enter
         amount on line 23.

25. Subtract recovery amount, if applicable. (TANF 1504-1)

     NOTE: A recovery amount should never reduce the benefit to
                    less than ten dollars ($10.00) dollars.

26. Enter benefit amount. This amount must be whole dollar amount -
     round down.

►**DETERMINING ELIGIBILITY AND/OR GRANT POST-EMPLOYMENT**

For TANF Post-Employment program applicants and participants Form HCS-323A, "'TANF Post-Employment Budget Computation Worksheet" is used when it is necessary to manually determine financial eligibility and/or grant. The following steps outline the testing and grant calculation process:

GROSS MONTHLY INCOME (GMI)

1. Enter nonexcluded gross earned income of each wage earner.

2. Apply the 100% earned income disregard to the gross earned income of each wage earner.

3. Enter the balance of the total earned income (#3).

    NOTE: The balance of the total earned income should always be $0.

4. Enter nonexcluded gross unearned income of each filing unit member.

5. Enter total unearned income.

6. Add the balance of the total earned income (#3) and total unearned income (#4) and enter the total GMI (#5).

7. Compare the total GMI (#5) to the GMI Standard (#6) for household size. If income is less than or equal to the appropriate standard, continue.

8. If income exceeds the standard, the household is ineligible.

9. Bring down the total unearned income (#4) to #8. Subtract the obligated income disregard of legally binding child support (#9), if applicable, from the total unearned income. This is the balance of unearned income (#10).

10. Add the balance of unearned income (#10) to the balance of the earned income (#3) for a total net countable income (#12).

BENEFIT STANDARD

11. Enter the Benefit Standard for household size.

12. Compare the total net countable income (#12) to the Benefit Standard for household size.

13. If income is less than or equal to the appropriate standard, continue.

    If the result is:

    a. Zero or less, the unit is ineligible for assistance.

    b. Greater than zero, the unit is eligible for TANF Post-Employment assistance.

14. Enter the Payment Standard for household size (#15).

15. If greater than zero:

    Subtract the amount of the total net countable income (#12) from the Payment Standard for the appropriate assistance unit size.

16. The remaining balance is the amount of the TANF Post-Employment assistance benefit to be authorized (#17).

17. Subtract recovery amount, if applicable. (#18) (See TANF 1504-1)

    NOTE: A recovery amount should never reduce the benefit to less than ten dollars ($10.00).

18. Enter final benefit amount. This amount must be whole dollar amount - round down.

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PROCEDURE   **ACTION**
Eligibility
Case Manager   1.   Conduct a thorough interview and investigation to obtain relevant information about the household.

                          2.   Determine the amount of countable income using the appropriate budgeting method.

                          3.   Enter all non-financial and financial data on TEAMS.

                          4.   If the filing unit is eligible, continue with evaluating the household's needs to authorize appropriate benefits.

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►**TEAMS PROCESSING**

Once the income, earned and/or unearned, is determined using one or more of the methods listed at Section 601-1, it is entered on the TEAMS Income screens (EAIN, SEEI, UNIN, or DEID) with the appropriate income type code. TEAMS will process this data, evaluating income as countable or excluded, ensuring that all non-financial criteria and resource eligibility have been passed, and applying any applicable earned income disregards prior to testing the income to the Gross Monthly Income (GMI), applying the income disregards, testing the balance to the Benefit Standards, **and subtracting the net countable income from the Payment Standard.**

The results are displayed on the EXPD (EXperimental Payment Determinator) screen.

This screen summarizes the results of the GMI, Benefit, and Payment Standard tests. These tests are performed on TEAMS on every case prior to the Eligibility Case Manager's authorization even if a case does not have any countable income. This ensures that TEAMS performs the mandatory income eligibility determination for each case.

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